



# Poynting Holdings Ltd Annual Results 2014


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***Our business going forward is focussed on 4 market/technology segments with a New Product Development “SkunkWorks” unit***

**André Fourie, CEO, Poynting**




# Financial Highlights




**Up 23% to  
R7.9m**

**Cash flows**




**Up 47% to  
R132 m**

**Revenue**




**Up 63% to  
84.2 cps**

**NAV/share**



**Up 3% to  
38.1 cps**

**TNAV/share**



**Up 71%  
57% of Group  
Revenue earned  
outside SA**

**Export Revenue**



**Up 74%  
from R9.1m  
to R15.8m**

**DS profits**



**Aucom full year profit of  
R13.7m is above profit  
warranty target of  
R11.0m**

**AUCOM**



**Adjusted EBIDTA of  
R38.2m from R14.6m**

**EBIDTA**





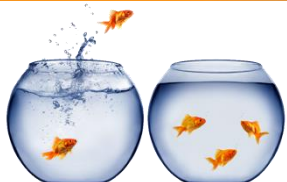
# Company Overview



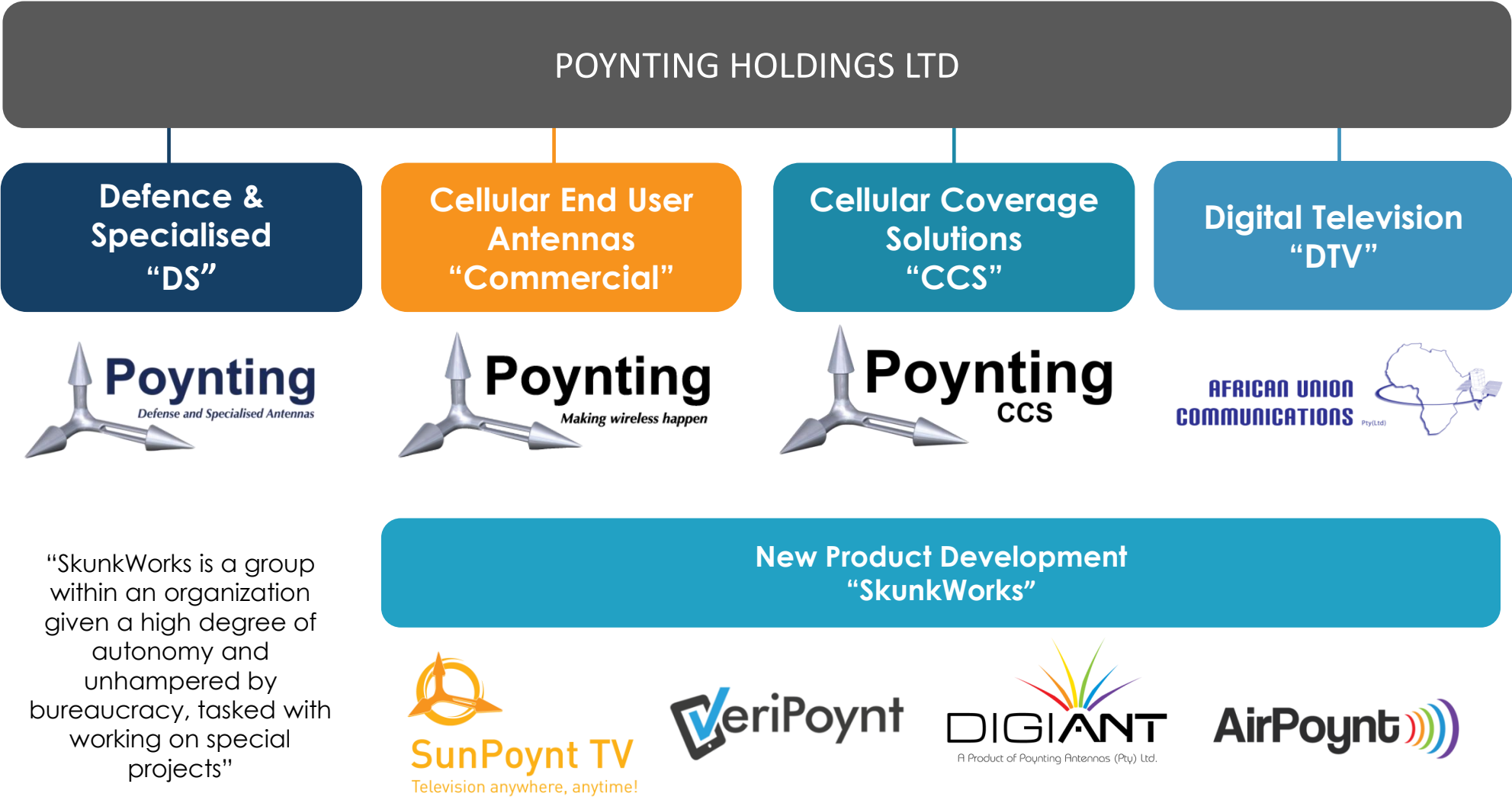
# Core Values

**Extracting the core aspects from Poynting's vision statement perhaps best describes the nature and culture of the Company:**

- ✓ Our bedrock value is our belief that we shall succeed through clever innovative design;
- ✓ We shall provide products, information and advice with technical honesty and integrity;
- ✓ We prefer multicultural and diverse employees operating in small teams;
- ✓ Poynting teams enjoy working hard and are given a high level of autonomy, freedom and responsibility;
- ✓ All are encouraged to be brave and headstrong and must learn to thrive on challenges;
- ✓ Poynting is proud of our African roots, but always aims at international success; and
- ✓ Poynting's activities should benefit shareholders, employees and communities we encounter.



# Group Overview





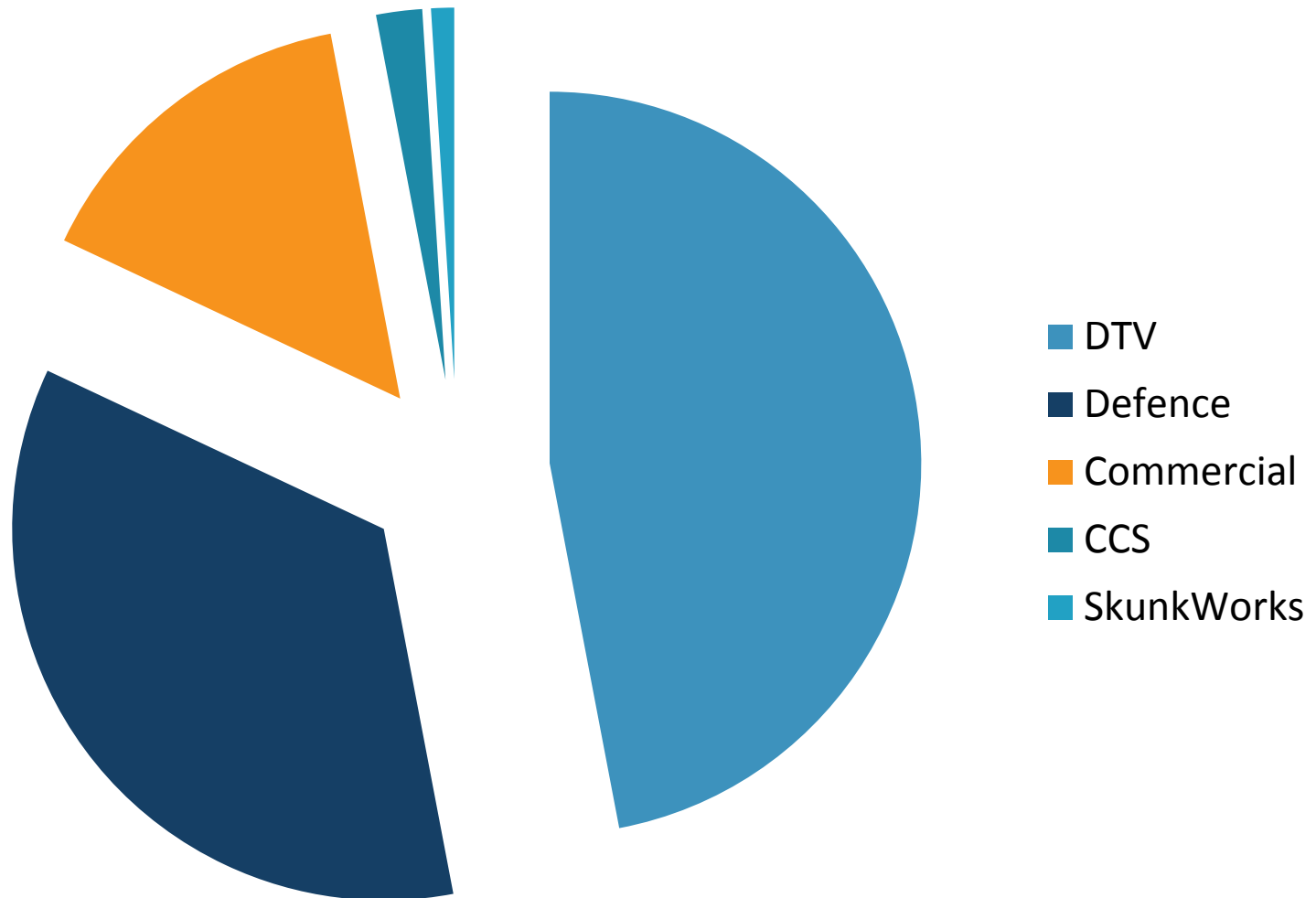
## Divisional Overview

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# Sales Split

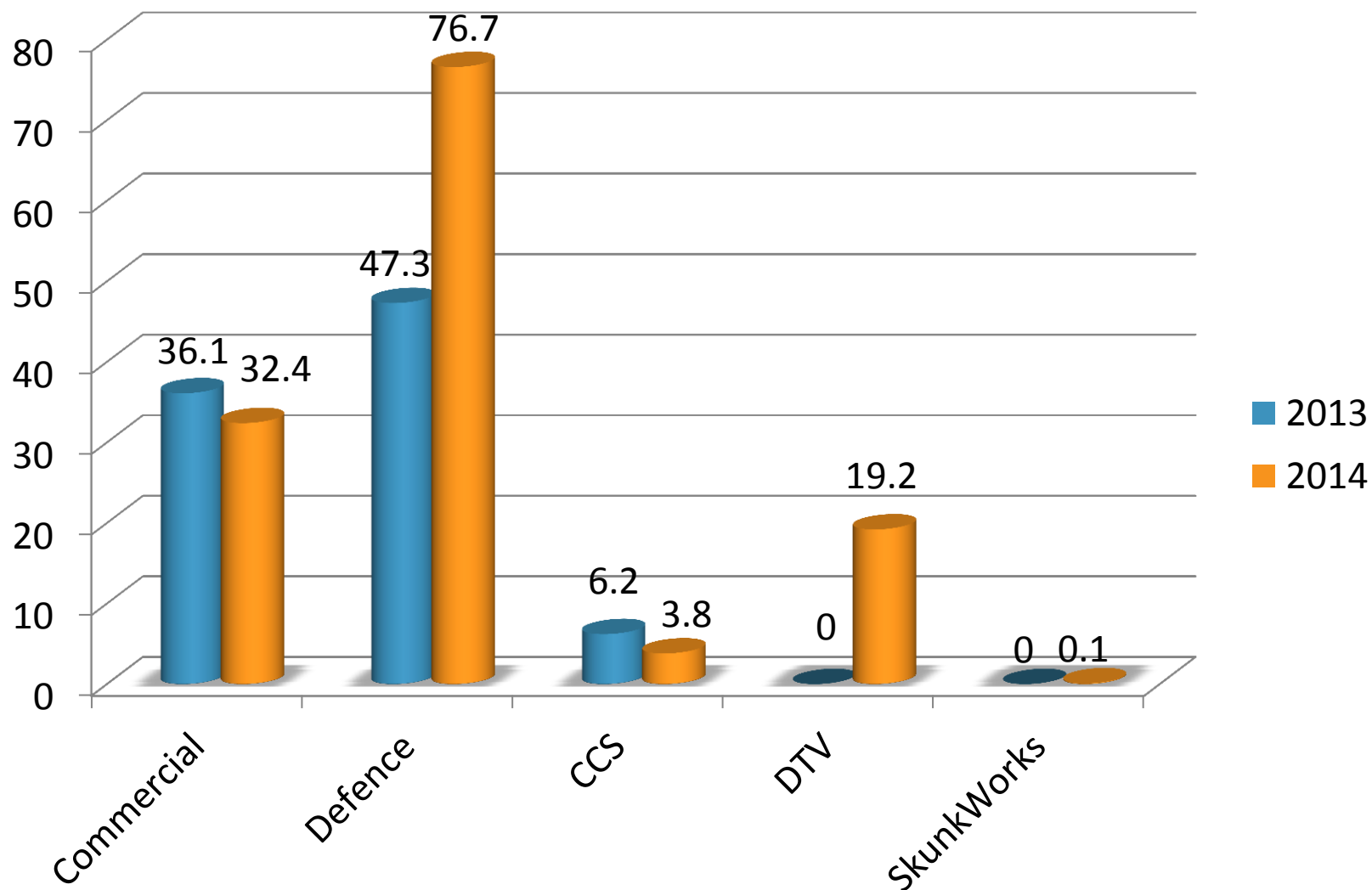
## Divisions





# Divisional Financials

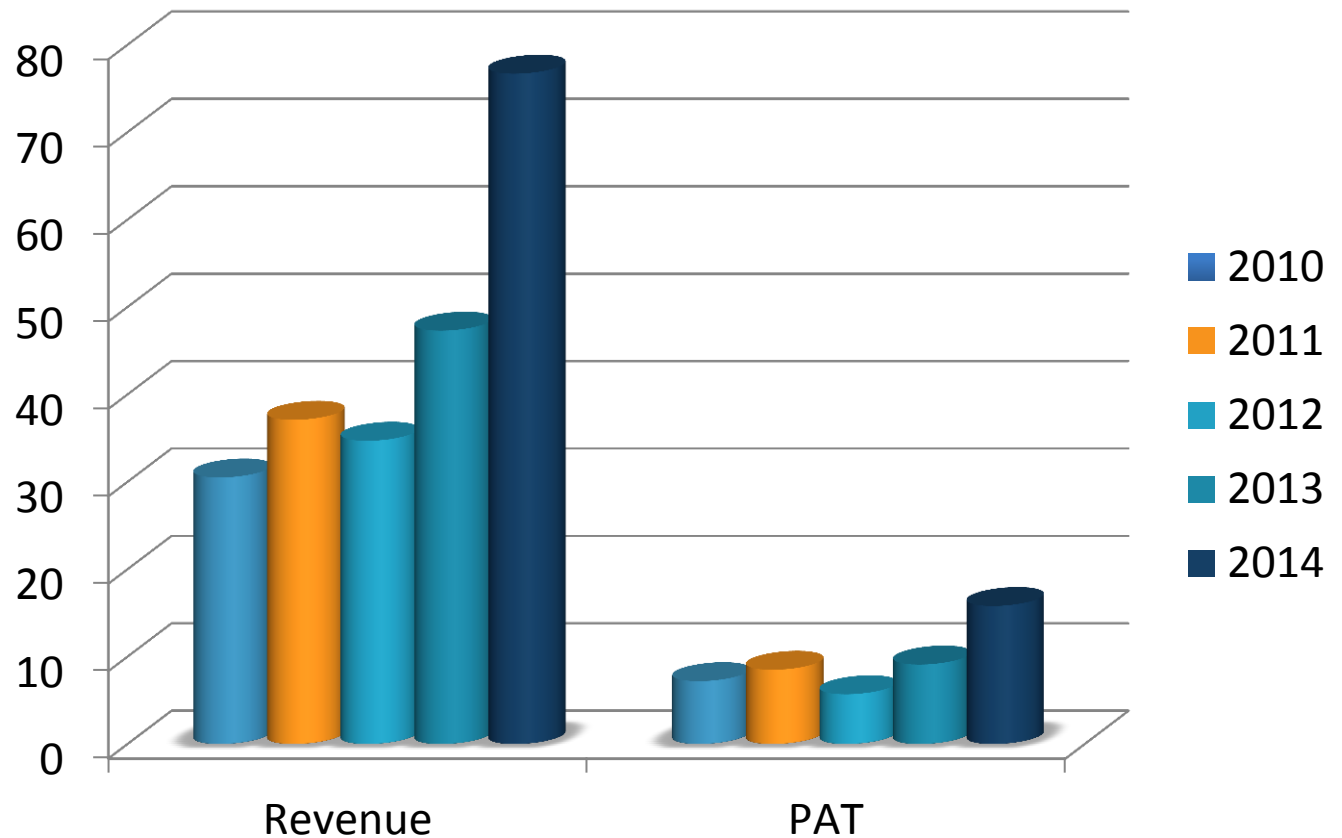
Turnover in Rand (Million)



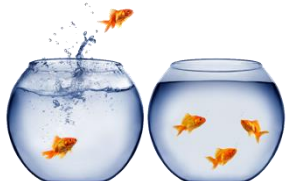
# Divisional Overview

## Defence & Specialised

5 Year Snapshot



R'm	2010	2011	2012	2013	2014
Revenue	30.5	37.1	34.7	47.3	76.7
PAT	7.2	8.5	5.7	9.1	15.8



# Divisional Overview

## Commercial



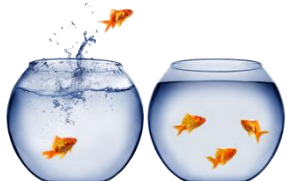
Revenue  
down 10%

### Commercial losses:

- ✓ Restructuring of South African sales channel
- ✓ Move of production to China
- ✓ Reduced sales in Europe

### Corrective Actions:

- ✓ Renewed focus on driving revenue
- ✓ Developing focussed sales channels
- ✓ Addressing sales declines in the European market
- ✓ Focus on supplying IP protected 4G/LTE products



# Divisional Overview

CCS



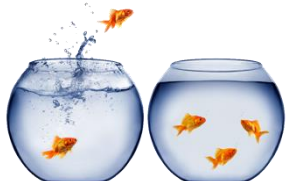
Loss of  
R4.0 million

## CCS synopsis:

- ✓ Start-up division in its own right.
- ✓ Increased interest in the SubT which was ahead of its time.
- ✓ Continued investment in the division

## Corrective Actions:

- ✓ Strict monitoring of expenses and resources.
- ✓ Product completion will be based on confirmed orders.
- ✓ Ongoing discussions with big role players in the industry



# Divisional Overview



DTV

24% higher  
than profit  
target

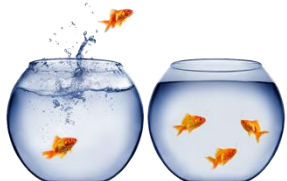
- ✓ Market conditions for DTV infrastructure rollout in Africa remain robust
- ✓ Aucom strengthened management team in finance and operations.



SkunkWorks

Continued  
investment in  
SkunkWorks

- ✓ Novel & IP rich products
- ✓ Broad consumer market appeal
- ✓ Some products reaching maturity





# Results Overview

# Our Financials

The IFRS divide – it's all about the share price

01.07.2013

28.02.2014

03.2014 –  
06.2014

During  
Audit

01.10.2014

01.10.2014

Aucom  
acquisition  
agreed:  
66 m shares  
@ 75c/share

Aucom  
acquisition  
concluded.  
  
POY Share  
price = 271  
cents

POY Share  
price:  
271 c/s – 290  
c/share

IFRS 3 - must  
value asset  
(Aucom) at  
current  
share price

Loss of  
R107 million  
reported

Reality:  
Adjusted PAT  
of R21.3 m  
  
More than  
100%  
increase in  
PAT

**R49.5  
million**

**R178.9  
million**

**+ R9.4 m**

Aucom value



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# Our Financials

The IFRS divide – adjusted PAT & EBIDTA

	Turnover 2013 (Rm)	Turnover 2014 (Rm)	EBIDTA 2013 (Rm)	EBIDTA 2014 (Rm)	Adjusted EBIDTA 2014 (Rm)	PAT 2013 (Rm)	PAT 2014 (Rm)	Adjusted PAT 2014 (Rm)
Defence	47.3	76.6	13.3	23.2	<b>23.2</b>	9.1	15.8	<b>15.8</b>
Commercial	36.1	32.4	3.7	(2.7)	<b>(2.7)</b>	0.3	(4.6)	<b>(4.6)</b>
CCS	6.3	3.8	(2.4)	(5.3)	<b>(5.3)</b>	(2.2)	(4.0)	<b>(4.0)</b>
SkunkWorks	-	0.1	(0.1)	(3.6)	<b>(3.6)</b>	(0.2)	(3.1)	<b>(3.1)</b>
DTV	-	19.2	-	(8.0)	<b>13.8</b>	-	(111.3)	<b>13.8</b>
Fair value adjustment								
Acquisition costs								
<b>TOTAL</b>	<b>89.7</b>	<b>132.1</b>	<b>14.5</b>	<b>3.6</b>	<b>38.2</b>	<b>6.9</b>	<b>(107.2)</b>	<b>21.3</b>

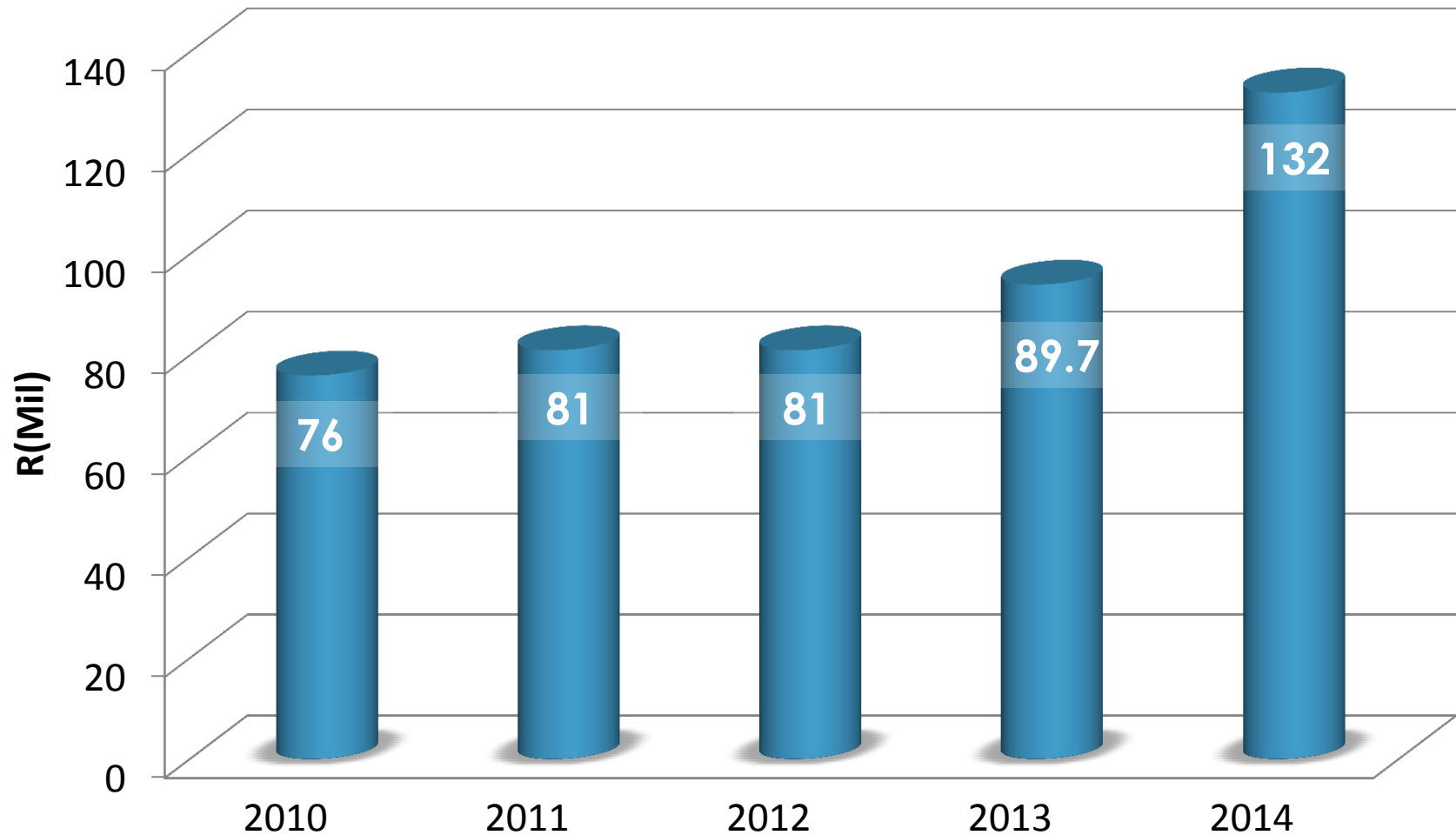
The single biggest distortion of the results is the complex accounting treatment of the Aucom acquisition





# Our Financials

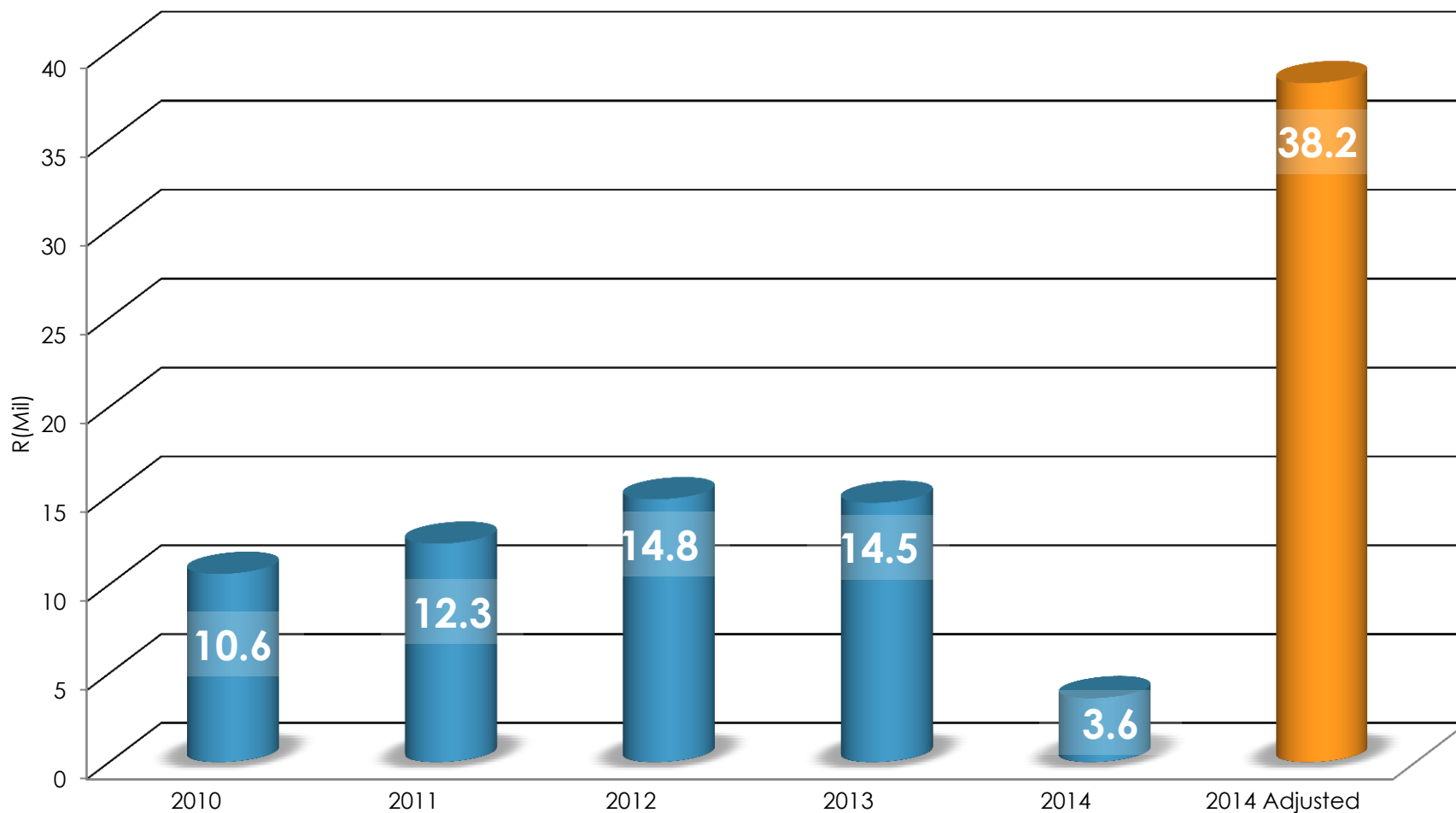
Poynting Group Turnover in Rand (Million)



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# EBIDTA

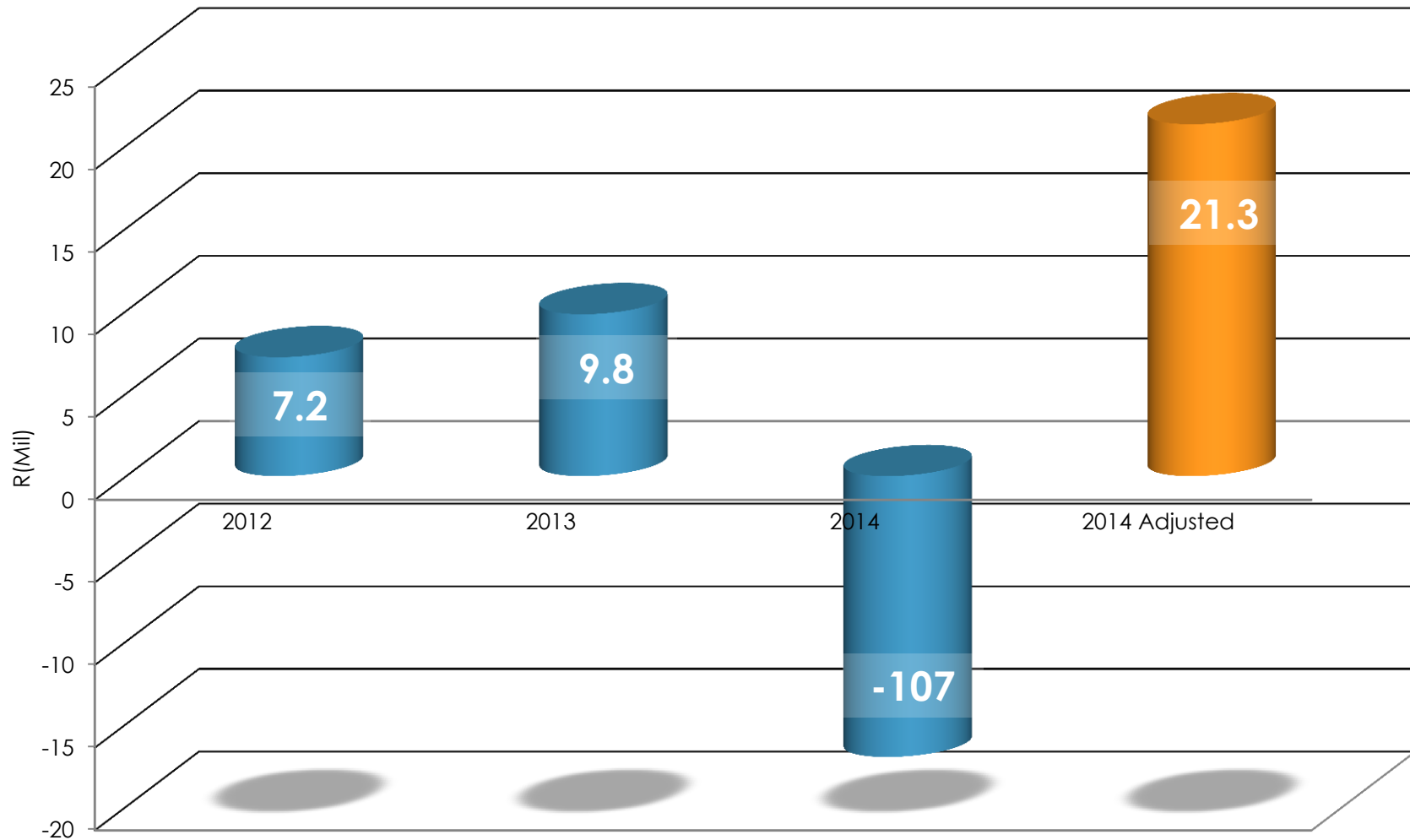
Poynting Group EBIDTA in Rand (Million)



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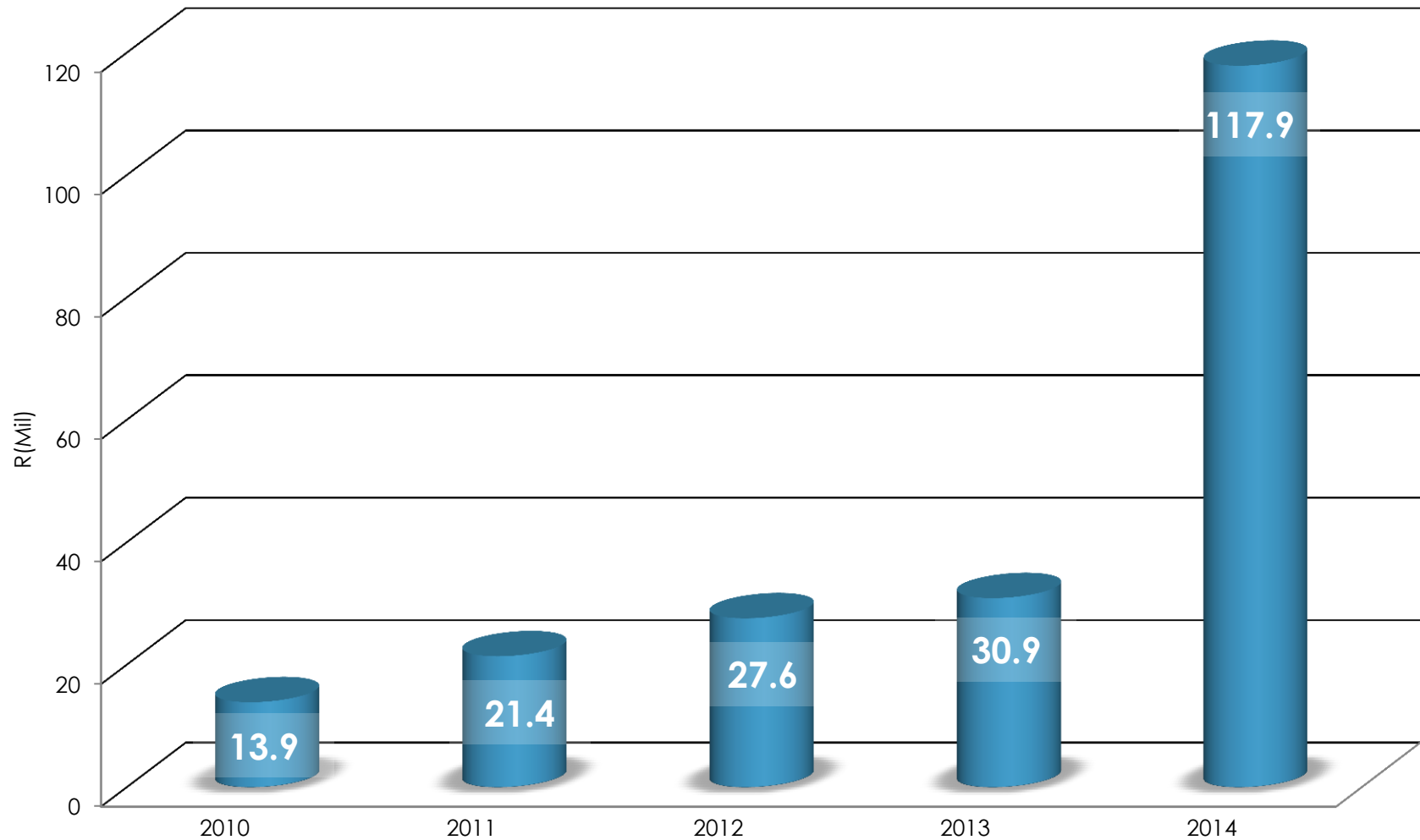
# Profit After Tax

## 3 Year Snapshot



# Net Current Assets

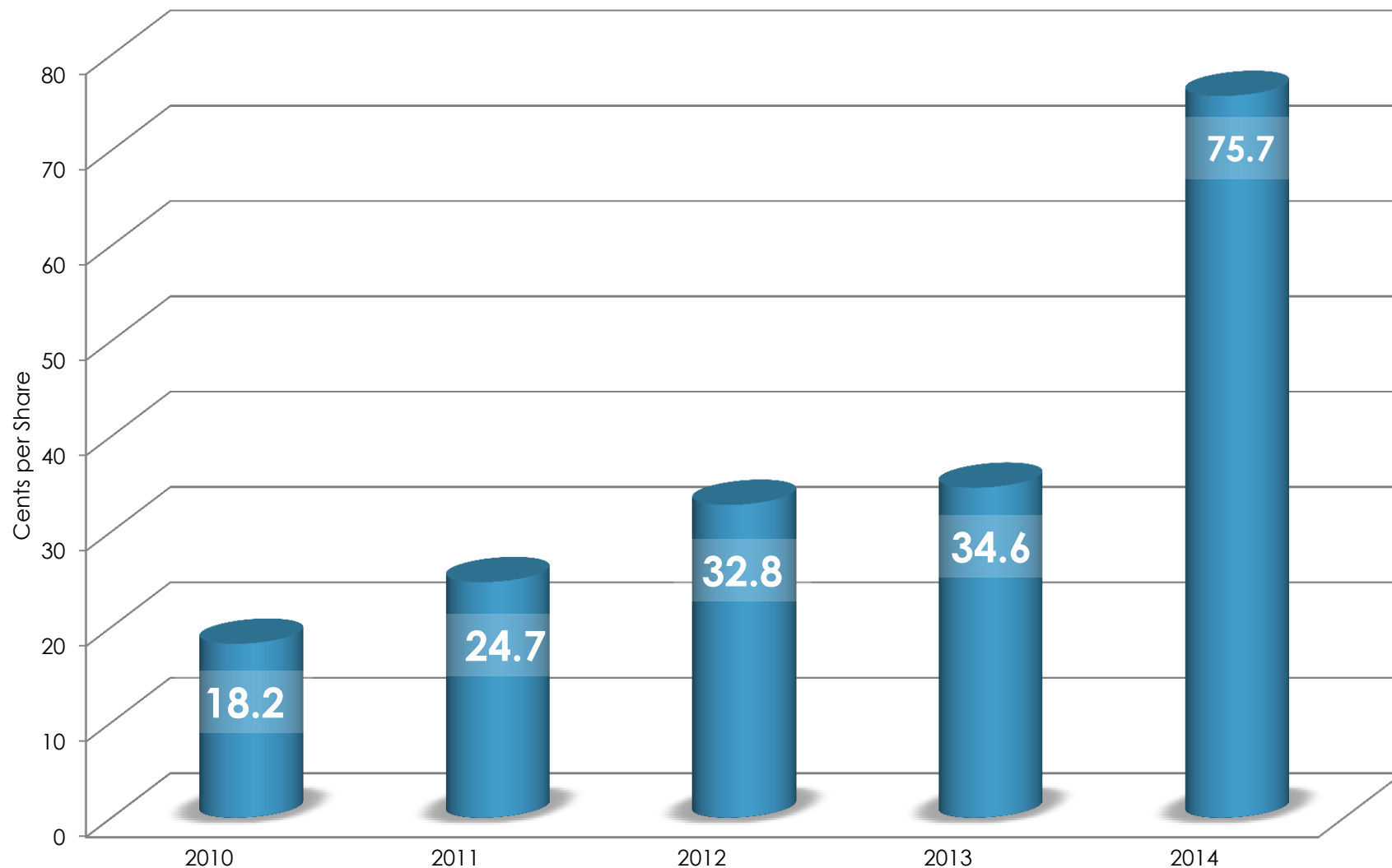
Cash + debtors + stock – current liabilities



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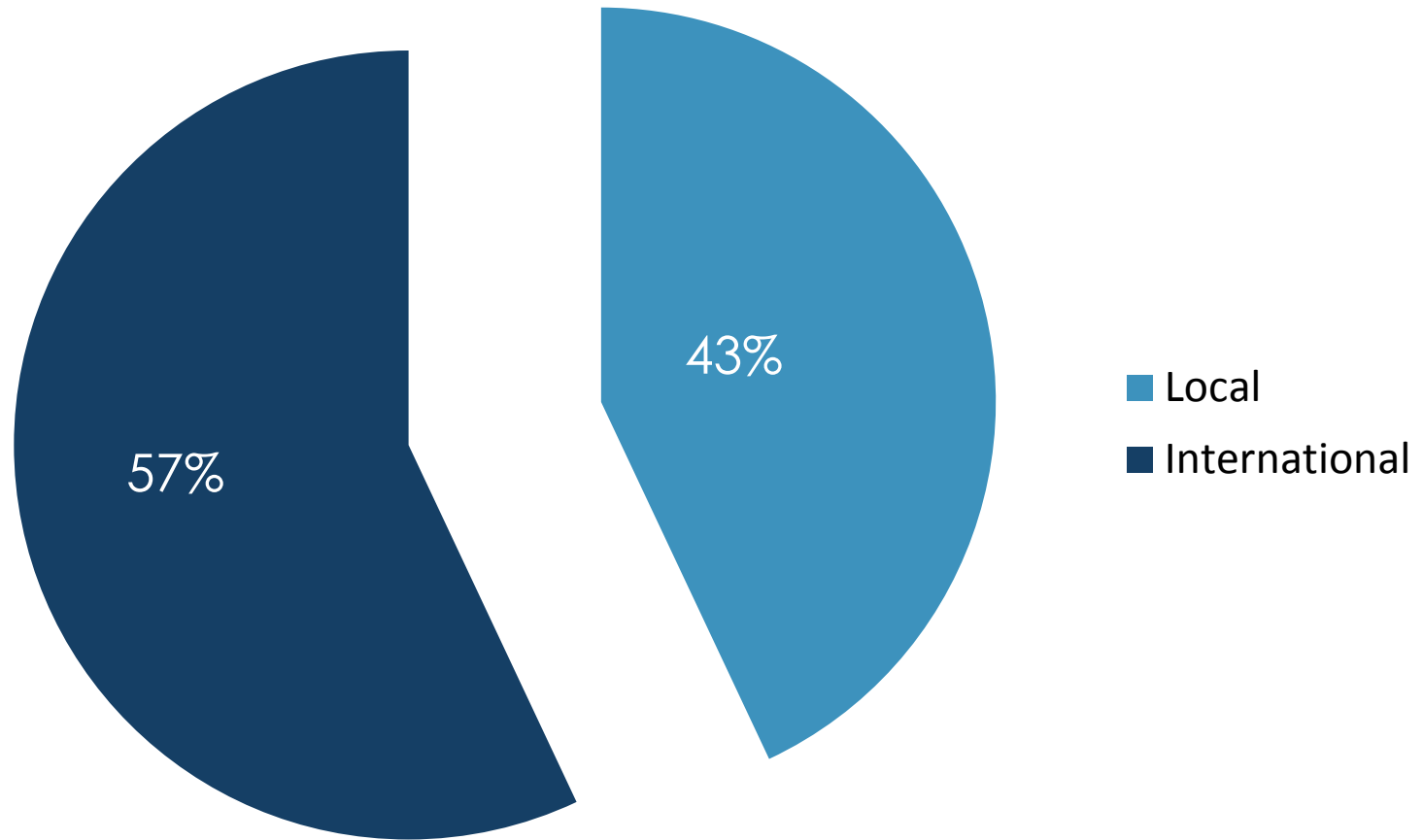
# Asset Value

## Poynting Group Net Tangible Asset Value



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# Group Regional Sales



# Income Sheet

	Reviewed year ended 30 June 2014	Restated year ended 30 June 2013*
	R'000	R'000
Revenue	132 126	89 742
Cost of Sales	(61 989)	(30 010)
Gross Profit	70 137	59 732
Other income	1 882	2 487
Operating Expenses	(78 955)	(55 414)
Operating profit	(6 936)	6 807
Investment income	1 014	488
Fair value adjustments & impairment of goodwill	(104 450)	
Finance costs	(162)	(58)
Profit before taxation	(110 533)	7 237
Taxation	3 375	(277)
Profit after taxation	(107 158)	6 960
*Prior year restated – see Note 2		



# Balance Sheet

## Condensed

	Reviewed year ended 30 June 2014	Restated year ended 30 June 2013*
	R'000	R'000
<b>Assets</b>		
Non Current assets	90 186	18 950
Property, plant and equipment	6 778	4 976
Intangible assets	24 707	2 207
Goodwill	33 082	11 767
Current assets	149 327	45 554
<b>TOTAL ASSETS</b>	<b>239 513</b>	<b>64 504</b>
<b>Equity and Liabilities</b>		
Equity	12 343	48 617
Current Liabilities	31 438	15 888
Non-current liabilities	195 732	1 200
<b>TOTAL LIABILITIES</b>	<b>239 513</b>	<b>64 505</b>





# Five Year Snapshot – 2014 Adjusted

	2010	2011	2012	2013	2014
Net asset value per ordinary share (cents)	33.08	36.03	44.09	51.76	84.2
Net tangible asset value per ordinary share (cents)	18.24	24.74	32.81	36.9	38.1
Earnings per ordinary share (cents)	2.86	2.95	8.18	10.48	?
EBITDA ( Core Divisions )	9 841	12 744	12 780	14 500	38 200
Cash Flow (R'000)	1 787	-1 520	12 064	6 400	7 900
Current Assets (R'000)	25 464	32 798	37 113	45 554	149 327
Current Liabilities (R'000)	11 486	11 389	9 437	10 687	31 438
Net Current Assets (R'000)	13 978	21 409	27 676	34 867	117 889
Quick Ratio	1.54	2.14	3.12	3.10	4.70





Prospects

# Divisional Prospects



**DS** started 2015 year with 50% higher order book than 2014.



**Aucom** should benefit from large African DTV rollout.



**Commercial** will capitalise on 4G/LTE rollout by MNOs.



JHB light pole initiative may allow **CCS** to gain traction.



**SkunkWorks** have products that are reaching maturity which will hopefully exploit real market demand.

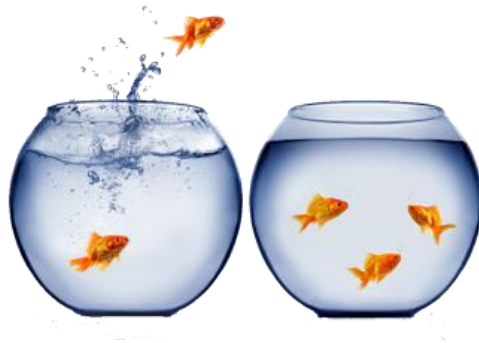


# Acquisition Prospects



## Radio Network Solutions (RNS)

- ✓ Nearing completion
- ✓ Current assessment is that they are capable of achieving their profit targets.
- ✓ RNS fits the group well with good synergies in a number of segments
- ✓ Possible cross selling opportunities



## Acquisition Pipeline

- ✓ We maintain an acquisition pipeline.
- ✓ Engaging with several targets locally and internationally.
- ✓ Focus on European or USA footprint for DS product range
- ✓ Further identifying companies which fit us





# Growth Plan



# Growth Strategy

CEO Growth plan is 18 months old

Targeting turnover > R 1 billion by 2017 through:

- ✓ Strategic Acquisitions
- ✓ Autonomous Acquisitions
- ✓ New business areas
- ✓ Growth through current divisions, acquisitions and from the new business divisions.

Current Market Cap  
**R449million**





Thank You  
Q&A

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